INDEPENDENCE GROUP NL
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SYDNEY NSW 2000

LONG NICKEL MINE (IGO 100%)
MINERAL RESOURCES AND ORE RESERVES
STATEMENT AS OF 30 JUNE 2012

HIGHLIGHTS

- **Mineral Resources: 1,303,000t @ 5.9% Ni – 76,600 Ni t (inclusive of reserves)**
- **Ore Reserves: 1,121,000t @ 3.7% Ni – 41,900 Ni t**

Independence Group NL ("IGO") is pleased to announce new Mineral Resources and Ore Reserves estimates at the Long Nickel Mine, in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC" Code 2004).

To 30 June 2012, the Company had mined over 83,000 tonnes of nickel metal at the Long Nickel Mine (Ore Reserves at acquisition in 2002: 26,800 Ni t).

After mining depletion of 9,995 Ni t (FY 2012 production), Mineral Resources decreased from 83,000 Ni t in June 2011 to 76,600 Ni t in June 2012. **(Figure 1).**

After mining depletion of 9,995 Ni t (FY 2012 production), Ore Reserves decreased from 58,100 Ni t in June 2011 to 41,900 Ni t in June 2012 **(Figure 2).** This decrease is predominantly due to nickel price assumptions falling from A$10.10/lb Ni in 2011 to A$8.55/lb Ni in the 2012 Ore Reserve estimate.

OVERVIEW

The Company's wholly owned subsidiary, Lightning Nickel Pty Ltd, acquired the Long Nickel Mine in September 2002. The Long Nickel mine was successfully re-commissioned in October 2002. Contained nickel metal production achieved by the company in FY 2012 was a record high during its 10 years of project ownership. Ore mined during the year was sourced from four ore bodies, Long, Victor South, McLeay and Moran **(see Figure 3)**. The McLeay and Moran ore bodies represent new discoveries by the Company since re-commissioning the Operation and now contribute the greatest proportion of contained nickel metal in total mine production.

Importantly for the Company, the exploration potential at Long North, McLeay and Moran remains high.

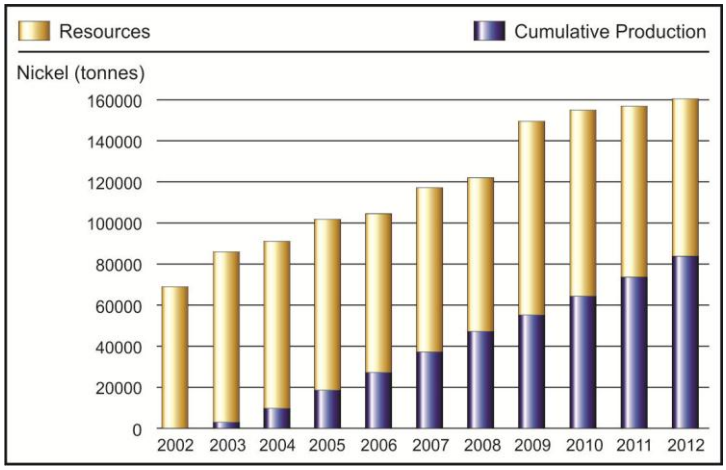

Figure 1: Accumulated Resources and Production Nickel Tonnes

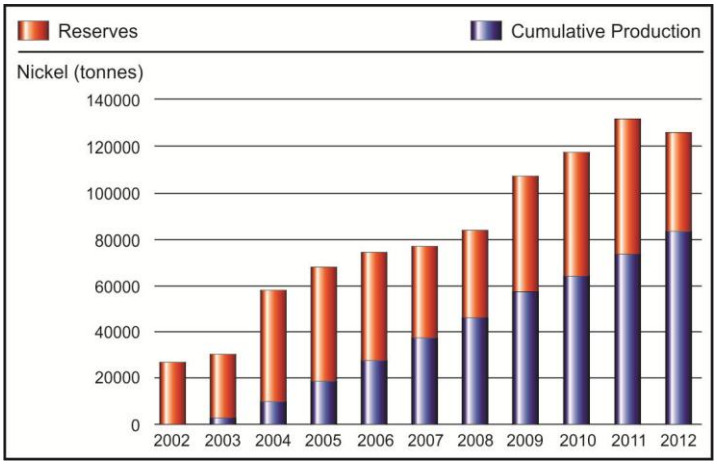

Figure 2: Accumulated Reserves and Production Nickel Tonnes

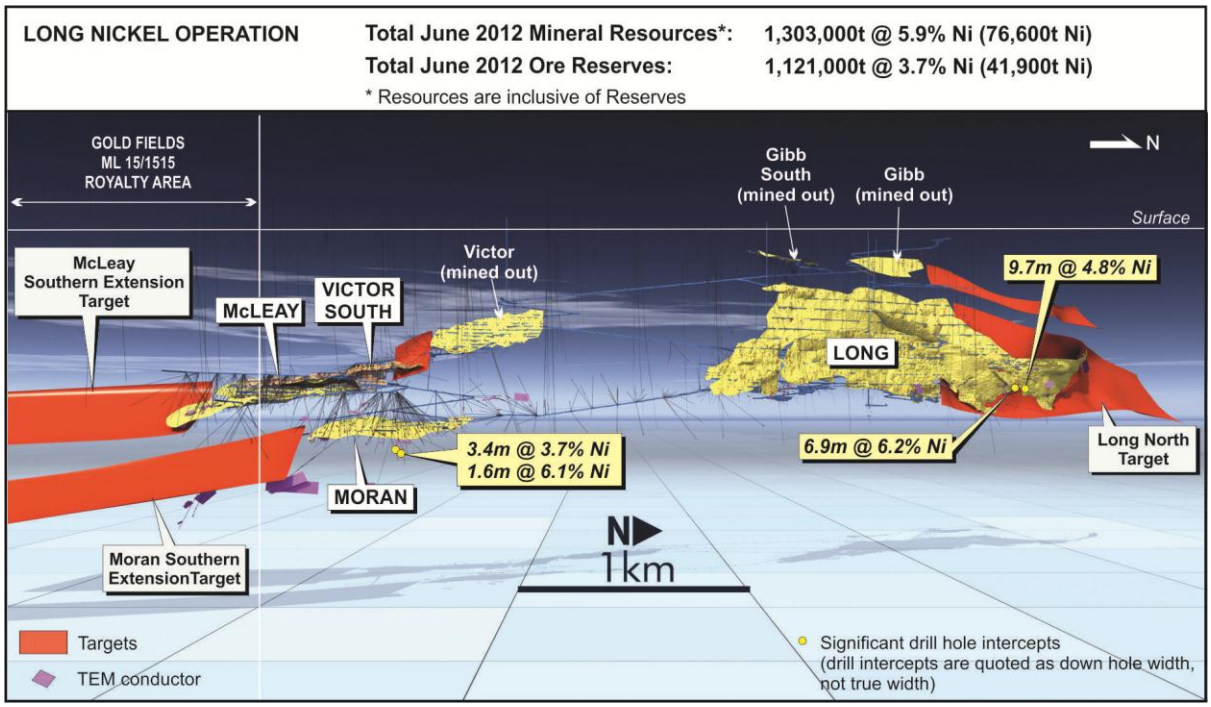

Figure 3: Long Nickel Mine – Longitudinal Projection Showing Target Areas, TEM Conductors and Significant Intercepts FY 12.

Table1: Long Nickel Operation – June 2012 Resources (and 2011 comparison)

		Mineral Resources at 1% Ni Cut-off as at 30 June 2011			Mineral Resources at 1% Ni Cut-off as at 30 June 2012		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Measured	26,000	5.6	1,500	47,000	3.7	1,700
	Indicated	210,000	4.8	10,100	220,000	5.1	11,200
	Inferred	106,000	4.8	5,100	167,000	5.1	8,600
	Sub-Total	**342,000**	**4.9**	**16,700**	**434,000**	**5.0**	**21,500**
Victor South	Measured	-	-	-	**-**	**-**	**-**
	Indicated	240,000	2.6	6,200	53,000	7.3	3,900
	Inferred	34,000	1.5	500	34,000	1.5	500
	Sub-Total	**274,000**	**2.4**	**6,700**	**87,000**	**5.1**	**4,400**
McLeay	Measured	69,000	6.9	4,800	49,000	7.2	3,600
	Indicated	203,000	5.1	10,300	145,000	5.5	7,900
	Inferred	93,000	4.4	4,100	79,000	4.2	3,300
	Sub-Total	**365,000**	**5.3**	**19,200**	**273,000**	**5.4**	**14,800**
Moran	Indicated	585,000	6.9	40,400	498,000	7.1	35,300
	Inferred	-	-	-	11,000	5.3	600
	Sub-Total	**585,000**	**6.9**	**40,400**	**509,000**	**7.0**	**35,900**
TOTAL		**1,566,000**	**5.3**	**83,000**	**1,303,000**	**5.9**	**76,600**

Table 2: Long Nickel Operation – June 2012 Reserves (and 2011 comparison)

		Ore Reserve at Economic Cut-off as at 30 June 2011			Ore Reserve at Economic Cut-off as at 30 June 2012		
		Tonnes	Ni %	Ni Tonnes	Tonnes	Ni %	Ni Tonnes
Long	Proven	-	-	-	5,000	3.0	100
	Probable	127,000	3.0	3,800	91,000	2.6	2,400
	Sub-Total	**127,000**	**3.0**	**3,800**	**96,000**	**2.6**	**2,500**
Victor South	Proven	-	-	-	**-**	**-**	**-**
	Probable	68,000	4.3	2,900	55,000	4.2	2,300
	Sub-Total	**68,000**	**4.3**	**2,900**	**55,000**	**4.2**	**2,300**
McLeay	Proven	120,000	2.8	3,400	63,000	2.4	1,500
	Probable	204,000	2.9	5,900	139,000	2.8	3,900
	Sub-Total	**324,000**	**2.9**	**9,300**	**202,000**	**2.7**	**5,400**
Moran	Proven	-	-	-	-	-	-
	Probable	1,091,000	3.9	42,100	768,000	4.1	31,700
	Sub-Total	**1,091,000**	**3.9**	**42,100**	**768,000**	**4.1**	**31,700**
TOTAL		**1,610,000**	**3.6**	**58,100**	**1,121,000**	**3.7**	**41,900**

Notes to accompany Tables 1 and 2:

1 Ore tonnes have been rounded to the nearest thousand tonnes and nickel tonnes have been rounded to the nearest hundred tonnes.

2 Mineral Resources exclude the Victor South disseminated mineralisation of 128,500t @ 1.35% Ni (2,518 NiT) using a cut-off grade of 0.6% Ni.

3 Mining depletion as at 30 June 2012 has been removed from the resource estimate.

4 Resources are inclusive of Reserves.

5 Nickel price assumptions include: A$10.10 lb Ni – 2011 Reserve, A$ 8.55 lb Ni – 2012 Reserve.

6 Refer to Tables 3 and 4 for Mineral Resource and Ore Reserve estimation parameters.

The 2012 Ore Reserves estimate includes 31,700 Ni t for the Moran deposit south of the Long ore body (**Figure 4**). The Moran deposit remains open to the south-east. Both the McLeay and Long North ore bodies also remain open along strike (**Figures 5 and 6**).

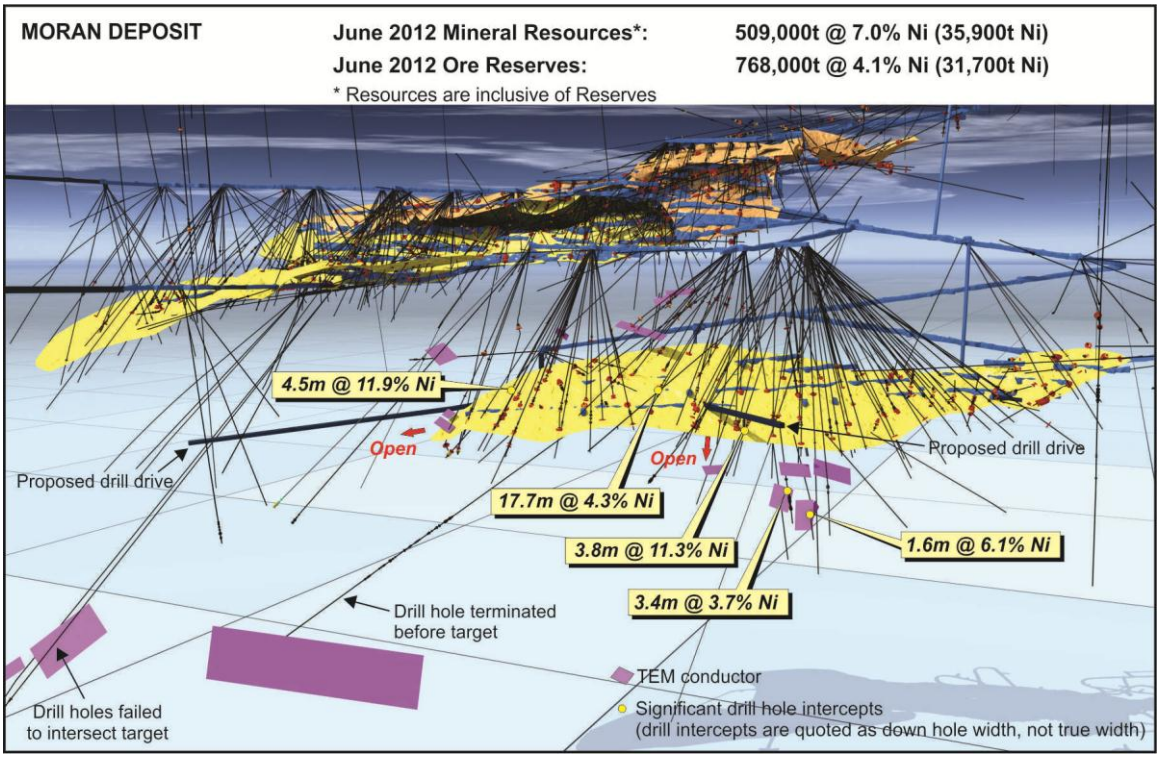

Figure 4: Moran - 3D Isometric Model Showing Nickel Shoot, Drill-Holes, TEM Conductors, Proposed Development and Significant Intercepts.

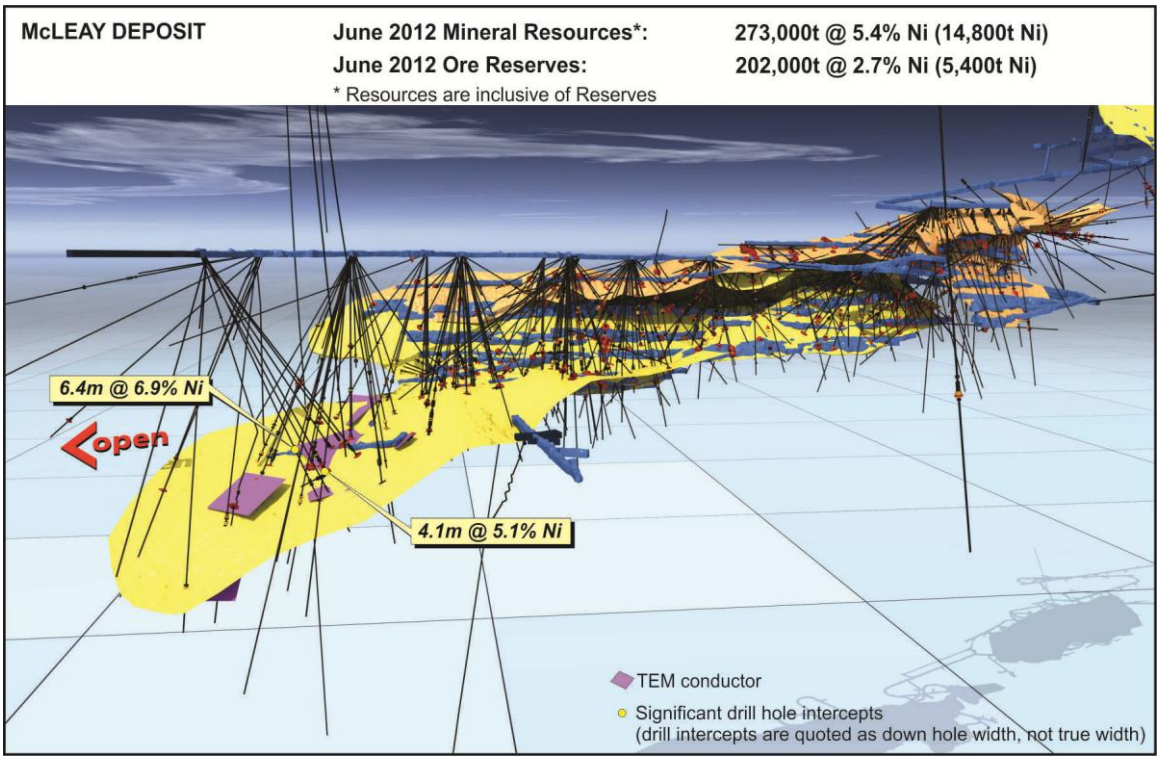

Figure 5: McLeay – 3D Isometric Model Showing Nickel Shoots, Drill-Holes and Development.

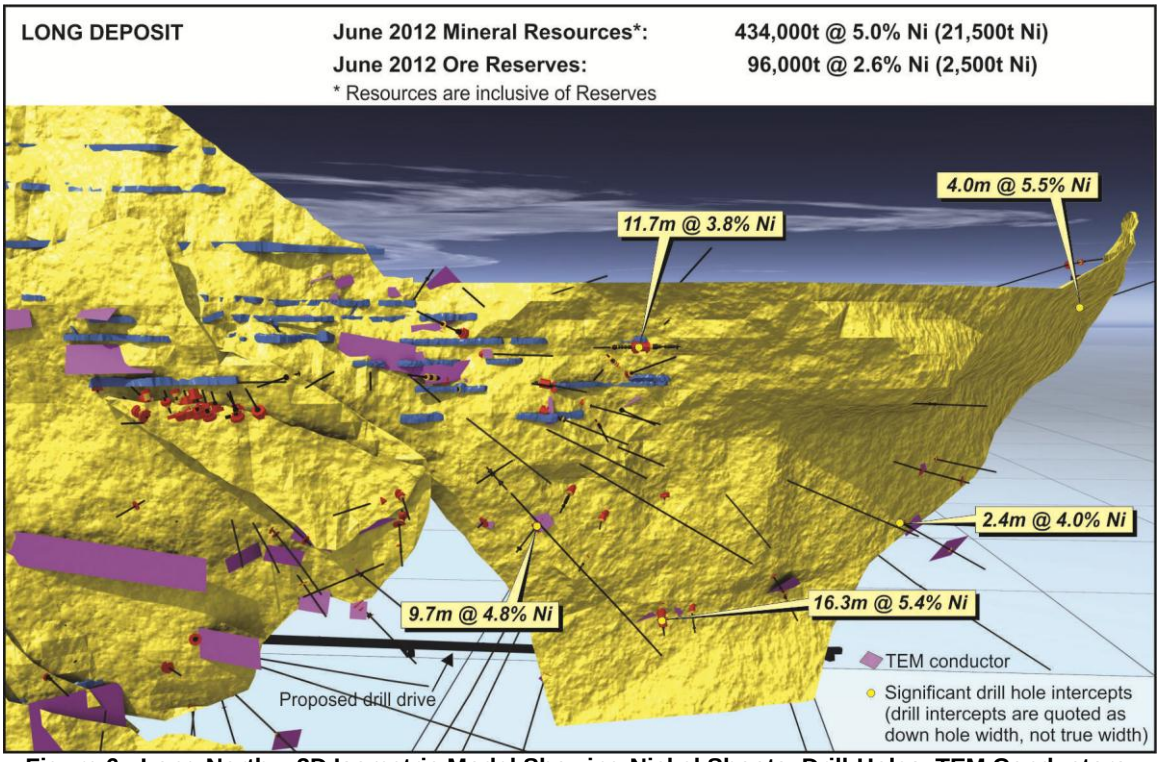

Figure 6: Long North – 3D Isometric Model Showing Nickel Shoots, Drill-Holes, TEM Conductors, Proposed Development and Significant Intercepts.

Long Nickel Mine FY 2013 Budget

The Company has budgeted $7.3 million in FY 13 to continue Moran, Long North and McLeay exploration drilling and capital drill drive development with the aim of bringing forward the conversion of resources to reserves.

Yours sincerely

Chris Bonwick
Managing Director
Independence Group NL

COMPETENT PERSONS STATEMENT

Long Resources and Reserves:

The information in this report that relates to the Long Nickel Mine's Mineral Resources is based on information compiled by Mrs Somealy Sheppard and Mr Jason Harris. The information in this report that relates to the Long Nickel Mine's Ore Reserves is based on information compiled by Mr Phil Bremner and Mr John Farr. Mrs Sheppard is a full-time employee of the Company and is a member of the Australian Institute of Geoscientists. Mr Harris is a consultant for Cube Consulting Pty Ltd and is a member of the Australian Institute of Geoscientists. Mr Bremner is a consultant for Mining One Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mrs Sheppard, Mr Harris and Mr Bremner have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the JORC Code and consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

COMPANY INFORMATION

BOARD OF DIRECTORS	
Peter Bilbe	Non-Executive Chairman
Chris Bonwick	Managing Director
Kelly Ross	Non-Executive Director
Rod Marston	Non-Executive Director
John Christie	Non-Executive Director

STOCK EXCHANGE LISTING
Australian Stock Exchange
ASX 200 Code: IGO

CONTACT	
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Email:	contact@igo.com.au
Website:	www.igo.com.au

CAPITAL STRUCTURE	
Number of Shares on Issue	232.9M

SHARE REGISTRY	
Security Transfer Registrars Pty Ltd	
770 Canning Highway	
Applecross, WA 6153	
Telephone:	(08) 9315-0933
Facsimile:	(08) 9315-2233

TOP FIVE SHAREHOLDERS*	
JP Morgan	22.58%
National Nominees	19.61%
HSBC Custody Nominees	18.36%
Citicorp Nominees	5.59%
BNP Paribas Nominees	3.69%

**As at 14 September 2012*

Table 3: Long Nickel Operation – Mineral Resources Parameters

Geological setting	The Long, McLeay, Moran and Victor South deposits are typical Kambalda-style nickel deposits, consisting of narrow, steeply dipping, shallowly south-plunging, ribbon-like accumulations of massive and semi-massive (with minor disseminated) sulphides. The mineralisation is located at the base of Achaean komatiitic ultramafic flows at the contact with an underlying tholeiitic basalt unit. The massive sulphide is overlain by matrix then disseminated mineralisation, with the bulk of the nickel mineralisation being massive and matrix in nature. The host rocks and associated contacts have been subjected to lower amphibolite facies metamorphism, structural modification, and intrusion by multiple felsic to intermediate igneous dykes and sills.
Drilling techniques	Historical surface drill holes were drilled with percussion RC pre-collars and NQ diamond tails. Diamond underground holes are HQ, NQ , BQTK and BQ core sizes.
Drillhole Spacing	Diamond drill coverage at Long is on a nominal 20m section with 10m spaced holes with some up to 5mx5m closer-spaced drilling. Moran is on a nominal 40m section and x 10m drillhole spacing. Twin holes have not been drilled. Grade control drill holes in historically mined areas were used to constrain grade and sulphide zone thickness in areas with little or no drill data in Long mineralisation only.
Drillhole Collar Positions	Historical and underground holes have been surveyed by contract and WMC company contractors using differential GPS and standard underground surveying theodolites. Recent drillhole collar positions were surveyed by company surveyors using a Blake TCRA1105 Total Station Theodolite considered to be accurate to 0.01m.
Drillhole directional control	Historical Dip and Azimuth surveys used Eastman downhole camera shots at 30m intervals. Recent drilling utilised Pro-shot digital camera and Reflex EZ-Trac digital downhole camera shots at 30m intervals and 6m intervals.
Geometry of intercepts	Historical surface drilling intersects the sulphide zones at a variety of intervals and makes up 1% of the total drillhole database. The underground fan drilling mostly intersects the sulphide zones at true or near true width.
Sampling techniques	Sawn half-core varying in length up to 1m and adjusted to geological boundaries was sampled. Duplicate samples were collected as quarter core. Sample quality in historical and recent drillholes is considered very good. All geological contacts (with or without the presence of sulphides), between the footwall basalt and hanging wall ultramafics, were sampled. Sample intervals extend at least 5m beyond the sulphide zone (greater than 1% nickel grade) within the footwall and hanging wall.
Data spacing and distribution	The data spacing and distribution is sufficient to establish geological and grade continuity appropriate for the Mineral Resource estimation procedure and classification applied.
Sample preparation and assaying	All recent samples were crushed and pulverised, then a subsample digested using a four-acid digest (HNO3-HClO4-HF-HCl), ICP-OES finish. Samples were analysed for As, Co, Cr, Cu, Fe, MgO, Ni, S and Zn. Detection limits were 5ppm for As, 0.001% for Co, Cr, Cu; 0.01% for Fe, MgO; 0.001% for Ni, Zn; 0.005% for S. Historic WMC Resources sampling was assayed by in-house assay laboratory (Silver Lake Lab); historical Lightning nickel sampling was assayed by Analabs in Kalgoorlie using a four-acid digest method.
Audits or reviews	The drillhole database is independently reviewed by external consultants prior to resource estimation calculations. The resource estimation process is also independently reviewed by external consultants.
Sample compositing	Samples were composited to 1m length with a minimum of 0.1m, using length and density-weighting in areas that are estimated by 3D estimation methods. Areas estimated by 2D accumulation methods are composited over the entire mineralised interval and are weighted by horizontal/vertical length and density.

Quality Control procedures	Standards and blanks were inserted into the sample sequence at the rate of about 1 in 10 samples. Check assays utilising quarter core were completed in 2012 for the Long deposits. Standards and blanks show acceptable levels of accuracy and precision.
Drill sample recovery	Core sample recovery was good to excellent with less than 5% core loss in all drill core. Core lengths between blocks were validated and checked prior to geological logging and data entry into the drillhole database.
Geological logging and photography	Recent drillholes were logged and photographed (wet and under shade) and geological data has been coded and entered into the database. Photography is captured using a set camera frame and catalogued in the drillhole database. Geological logging is adequate for resource estimation.
Geological interpretation	Confidence is high to moderate for the geological interpretation.
Dimensions	Long deposit consists of 20 mineralised shoots and is approximately 2.2km down plunge, 3m thick and 600m down dip in extent. The shoots are narrow and ribbon-like accumulates of massive and semi massive sulphides. McLeay deposit consists of 7 mineralised shoots and is approximately 700m down plunge, 3m thick and 160m down dip in extent. Victor South deposit consists of 3 mineralised shoots and is approximately 180m down plunge, 4m thick and 130m down dip in extent. Moran deposit consists of 2 mineralised shoots and is approximately 650m down plunge, 5m thick and 120m down dip in extent.
Estimation and modelling techniques	Surpac v6.1 modelling software was used for the variography and block modelling. Ordinary kriging was used for grade interpolation, based on the variography and validation of the search orientations in Surpac. Block cells had been coded with the wireframe name and only composite samples from that zone were used to interpolate grades into that zone. All grade interpolation was constrained to within geological contacts and to 1% nickel cut-off grade. All of the mineralised shoots (except for Victor South Shoots 1 and 4) were estimated using a 2D projection method with block centroids and grades converted to 3D and imported into a real world block model using nearest neighbour assignment. The orientation, block size and sub-celling regime of the real world block model was designed to provide sufficient volume resolution for accurate surface geometry representation, mine design, depletion and porphyry flagging.
Block modelling	The Long block model had extents of 2,720m in Y, 1,720m in X and 1,000m in the Z direction. The parent cell size was 10x4x8m sub-celling to 1.25x0.25x0.5m. The McLeay and Victor South block model had extents of 1,900m in Y, 852m in X and 552m in the Z direction. The parent cell size was 10x4x4m sub-celling to 5x0.5x0.5m The Moran block model had extents of 1,900m in Y, 852m in X and 552m in the Z direction. The parent cell size was 10x4x4m sub-celling to 5x0.5x0.5m.
Moisture	The natural moisture of Long sulphides is typically very low (<1%) due to the deposit being in fresh rock. Moisture is not factored into the estimation process.
Previous mine production	Recent mined volume is removed from the resource using void wireframes compiled from monthly mine survey pick-ups. Historical Long mined volume is removed from the resource using compiled digitised longitudinal sections. Void wireframes are considered accurate to about +/-1m and have been confirmed by intersections during recent mining. Block model cells were coded as mined if within the void wireframes and were excluded from the resource estimate.
Cut-off grades, top-cut grades	No cut-off grade was applied as the mineralisation was defined geologically. No top-cut grade was applied.

Mining and metallurgical assumptions	No assumptions about mining method, minimum mining width or internal mining dilution have been made. Similarly, no assumptions about metallurgical treatment processes and parameters have been made.
Density	Most samples had measured densities determined using the simple water immersion technique. Densities were checked against density vs grade regression curves and outliers were replaced with calculated densities. Samples without measured densities were assigned calculated densities using the regression curve formula.
Classification	Mineralisation is classified as Indicated because of closely spaced drilling and a production history, as well as good confidence in the geological model. Close-spaced drilling is on a 20m x 10m grid for all Long deposits and 40m x10m for Moran. Mineralisation modelled with a drilling density sparser than that defined above is classified as Inferred resource.
Tenement and land tenure status	Long is located within mining leases Location 48, M15/1761, M15/1762, M15/1763 and M15/1515. There are no Native Title Claims registered over the lease and no other known impediments.
Audits or reviews	A review of the resource estimate was conducted by Cube Consultants in 2012. Variography used in the estimation for all Long deposits was validated by Cube prior to use in estimations.
Further work	Historical core that has not been photographed will be captured and catalogued in the drillhole database. Improved QAQC processes including increasing the number of check samples and pulp re-assays submitted to the laboratories for check assaying, will be undertaken. Improved core storage location data capture by recording the information in the drillhole database.
Resource Model numbers	Long contains 2 block models due to its size. ▪ Long_Blk2_2012 ▪ Long_Blk4_2012 ▪ VsMc_model_2012 ▪ Mo_model_2012

Table 4: Ore Reserve Parameters

Mineral Resource estimate	See Long Nickel Operation Mineral Resource Statement
Inclusivity	All ore reserves estimated for the Long Nickel Operation are a sub-set of the Long Nickel Operation Mineral Resources. No reserves exist outside of the Mineral Resource base.
Study status	All ore reserves are estimated by constructing three dimensional mine designs and reported against updated Mineral Resource block models. After modifying factors are applied all physicals (tonnes, grade, metal, development and stoping requirements etc.) are input to a Reserve Evaluation model to calculate payable metal, revenues, expenses and break even grades for each mining area/stope.
Cut-off grades, top-cut grades	Cut off grades vary depending on the value of contained metal and the amount of costs to mine the same. Each mining stopes cut-off grade is evaluated using the above mentioned model.
Data Adjustments	All data (Volume, Tonnes and Grade) are obtained from the Mineral Resource block model. Modifying factors are applied afterwards.
Mining factors or assumptions	Three dimensional mine designs are designed based on known information about ore-bodies physical characteristics and the geotechnical environment. Modifying factors such as unplanned dilution (25% for Long hole stoping and 5% for all other methods) and reserve recovery (95% for all methods) are applied based on the chosen mining method. In some cases geotechnical loss is applied for particularly adverse geotechnical conditions.

Metallurgical factors or assumptions	Lightning Nickel contractually is required to supply all ore to the BHP Billiton Ni West Kambalda Concentrator. All metallurgical factors are well defined within this contract and are built into the above mentioned Reserve Evaluation model.
Cost and revenue factors	Revenue: Nickel Price US$19,401 and FX of US$1.03 :A$18,836 All unit costs are updated from the most recent financial year's actual costs.
Market Assessment	Contractually all metal production is sold to BHP Billiton Ni West.
Risk	The mine design and stoping sequence is reviewed geotechnically. An internal risk review is undertaken annually.
Tenement status	The tenements are in good standing.
Metal Equivalences	Equivalent metals for copper are not taken into the financial evaluation process.
Previous mine production	FY2012: 282,177 Ore tonnes at a grade of 3.5% for a total of 9,995 Nickel tonnes.
Classification	Ore reserves are based on geological and geotechnical confidence and categorised as either Proven or Probable.
Audits or reviews	An independent audit is undertaken annually on both the Mineral Resource and Reserve process.
Ore Reserve Number	2012 Reserves Final